

Message Text

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PAGE 01 STATE 096681
ORIGIN EB-08

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-----022514 142330Z /70
O R 142248Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY THE HAGUE IMMEDIATE
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: EAIR, NL

SUBJECT: CIVAIR - PAN AM BUDGET FARE

REF: HAGUE 2079, STATE 93040

1. FOLLOWING NOTE DELIVERED TO DUTCH EMBASSY(KROL) APRIL
14:

QUOTE. THE DEPARTMENT OF STATE REFERS TO THE NOTE DATED
APRIL 11, 1978, OF THE EMBASSY OF THE NETHERLANDS CONCERNING
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PAGE 02 STATE 096681

THE BUDGET FARE APPLICATION OF PAN AMERICAN WORLD AIRWAYS.

THE UNITED STATES GOVERNMENT CONSTRUES THE NETHERLANDS NOTE
AS CONSTITUTING A NOTICE OF DISSATISFACTION WITH PAN
AMERICAN'S PROPOSED FARE, SO FAR AS IT CONCERNS TRAFFIC
ORIGINATING IN THE NETHERLANDS, AS REQUIRED BY ARTICLE 11
OF THE US-NETHERLANDS AIR TRANSPORT AGREEMENT OF 1957 AND

ARTICLE 6(B) OF THE PROTOCOL SIGNED ON MARCH 31, 1978.
PURSUANT TO THESE PROVISIONS, THE USG REQUESTS PROMPT
CONSULTATIONS ON THIS MATTER AND PROPOSES THAT THEY BE HELD
IN THE HAGUE ON OR ABOUT APRIL 21.

THE USG DOES NOT CONSIDER THAT THE ACTION OF THE
NETHERLANDS AUTHORITIES IS WITHIN THE SPIRIT OF THE RECENT

PROTOCOL. MOREOVER, IT DOES NOT APPEAR THAT THE DISSATIS-
FACTION EXPRESSED BY THE NETHERLANDS AUTHORITIES IS CON-
SISTENT WITH THE LETTER OF ARTICLE 6(A) OF THE PROTOCOL,
PARTICULARLY THE LAST SENTENCE THEREOF. THE US REPRESENTA-
TIVES WOULD EXPECT TO ADDRESS THESE QUESTIONS AND TO
CONSIDER NETHERLANDS VIEWS ON THIS MATTER, PURSUANT TO
ARTICLE 6 OF THE PROTOCOL, DURING THE CONSULTATIONS.
END QUOTE.

2. DEPTOFF (STYLES) SAID THAT USG DISAGREED STRONGLY WITH
IMPLICATION OF STATEMENTS MADE ORALLY BY NIEUWENHUIJSEN
AND VAN SCHELLE (HAGUE 2062) THAT PARAS (A) AND (B) OF
ARTICLE 6 OF PROTOCOL NOT APPLICABLE WHEN ONE PARTY WAS
ACTING ON TARIFFS ONLY WITH RESPECT TO TRAFFIC ORIGINATING
IN ITS TERRITORY. SUCH A VIEW WAS NOT IN KEEPING WITH THE
SPIRIT OF THE PROTOCOL AND HAD ALREADY AROUSED SOME STRONG
REACTIONS FROM SOME US OFFICIALS. MOREOVER, AS INDICATED
IN US NOTE, WE HAD NOT BEEN PRESENTED WITH ANY ECONOMIC
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PAGE 03 STATE 096681

JUSTIFICATION THAT PAN AM TARIFF WAS PREDATORY OR DISCRIM-
INATORY OR OTHERWISE IN CONFLICT WITH LAST SENTENCE
(ARTICLE 6(A)), BUT ONLY WITH VAGUE STATEMENTS RELATING TO
CONVERSION RATE USED AND RELATION TO CHARTER PRICES.

3. RE SPECIFIC DATE FOR CONSULTATIONS, DEPTOFF ASKED IF
DUTCH OFFICIALS COULD BE AVAILABLE ON EITHER APRIL 20, 21,
22, OR 24, DEPENDING ON CONCLUSION US-FRG TALKS. WE ASKED
THAT DUTCH RESPOND RE AVAILABILITY TO EMBASSY HAGUE SO
THAT IT MAY ADVISE ATWOOD IN BONN.

4. ACCORDING PAN AM, IT WAS ASKED BY SCHREURS TO INCREASE
GUILDER PRICE OF ONE-WAY EX-NETHERLANDS BUDGET FARE FROM
330 TO LEVEL FILED BY KLM, NAMELY 406. PAN AM INTENDS MAKE
NO RESPONSE PENDING OUTCOME CONSULTATIONS. CHRISTOPHER

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NNN

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